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**FISCAL IMPACT STATEMENT**

**LS 7286**

**BILL NUMBER:** HB 1941

**NOTE PREPARED:** Jan 13, 2003

**BILL AMENDED:**

**SUBJECT:** School Lease Petition and Remonstrance Process.

**FIRST AUTHOR:** Rep. Thompson

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill provides that the decision of the Department of Local Government Finance concerning the proposed leasing of a school building by a school corporation may be contested through a petition and remonstrance process if the lease involves a bond with principal that exceeds \$1,000,000.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The additional petition and remonstrance process could increase local school expense. Current law requires the signatures of 250 or 10% of the owners of real property in the school district to begin the petition and remonstrance process for a project. Before the lease is executed between the school and the holding company, the school has to hold a public hearing on the lease. If 50 or more taxpayers believe the lease is unnecessary then they can petition the county auditor and the county auditor will forward the request to the Department of Local Government Finance, "DLGF". DLGF will then hold a hearing at the school corporation. Currently the decision of DLGF on the need for the lease is final. For leases exceeding \$1 M, the bill allows 10 taxpayers-petitioners or the lessee school corporation to request the petition and remonstrance process if they disagree with the decision of the Department of Local Government Finances decision on the appeal.

Local schools have between 30-40 construction projects per year that require the DLGF approval.

**Explanation of Local Revenues:** The process could reverse the decision of the DLGF and could either increase or decrease the debt service levy of local schools.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Local Schools.

**Information Sources:**

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